

***Case No COMP/M.2831 -  
DSV / TNT LOGISTICS /  
DSV LOGISTICS***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

---

Article 6(1)(b) NON-OPPOSITION  
Date: 27/06/2002

*Also available in the CELEX database  
Document No 302M2831*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 27.06.2002  
SG (2002) D/230414

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sir/Madam,

**Subject: Case No COMP/M. 2831 - DSV/ TNT Logistics/ DSV Logistics**

**Notification of 24.05.2002 pursuant to Article 4 of Council Regulation No 4064/89<sup>1</sup>**

1. On 24.05.2002, the Commission received a notification of a proposed concentration by which the undertaking TNT Logistics acquires joint control of the two existing companies DSV Logistik Holding A/S (Denmark) and DFDS Transport Logistics OY (Finland) by way of purchase of shares. The two target companies are currently wholly-owned subsidiaries of De Sammensluttede Vognmænd A/S, "DSV" (Denmark).
2. After examining the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No.4064/89<sup>2</sup> and that it does not raise serious doubts as to its compatibility with the common market and with the EEA agreement.

---

<sup>1</sup> OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

<sup>2</sup> OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

## **I. THE PARTIES**

3. TNT Logistics is a 100% subsidiary of the TPG Group NV. and forms part of the Dutch TPG Group. The TPG group is a global provider of mail, express and logistics services. TPG Logistics (including TNT Logistics) provide general contract logistic services world-wide.
4. DSV's core activities are transport and environment services. DSV offers a world-wide network within sea, airfreight and road transport. DSV Logistics and DFDS Transport Logistics OY provides general contract logistics services mainly in the Nordic countries.

## **II. THE OPERATION**

5. The concentration involves the establishment of a joint venture between DSV and TNT Logistics and concerns the two undertakings DSV Logistik Holding A/S and DFDS Transport Logistics OY ("DFDS Finland"). DSV Logistik Holding A/S is currently a 100% subsidiary of the DSV Group and DFDS Transport Logistics OY is a 100% subsidiary of DFDS Transport A/S (Finland), which also forms part of the DSV Group. By the envisaged transaction TNT Logistics will acquire 50% of the shares in DSV Logistik and in DFDS Finland. The joint venture is a full function joint venture.

## **III. CONCENTRATION**

6. The transaction is an acquisition by TNT Logistics of joint control within the meaning of Article 3(1)(b) of the Council Regulation of DSV Logistik and in DFDS Finland.

## **IV. COMMUNITY DIMENSION**

7. The undertakings concerned have a combined aggregate world-wide turnover of more than € 5 billion<sup>3</sup>. (DSV Group: € [...]; TPG Group: € [...]). Each of the undertakings have a Community-wide turnover in excess of EUR 250 million (€ [...]; TPG Group: € [...]), but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

## **V. COMPETITIVE ASSESSMENT**

### **A. RELEVANT PRODUCT MARKET**

8. The joint venture is active in the Danish, Swedish, Finnish and Norwegian (hereinafter the Nordic) markets for general contract logistics. According to the parties general contract logistics services can be defined as the part of the supply chain that plans, implement and controls the efficient, effective flow and storage of goods and services and related information from the point of origin to the point of consumption in order to meet customer's requirement.

---

<sup>3</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

9. The parties have submitted that such services encompass diverse activities such as parts supply, inventory control, product tracking, order picking, management packing, time lined delivery, quality checking, information technology and account management. Moreover, such services embrace value-added services such as assembly and installation upon delivery, repair returns (reverse logistics) and sequencing. The Commission has taken the view that these services constitute a distinct product market which in particular is distinct from express parcel delivery services, freight forwarding and financial management<sup>4</sup>. It should also be noted that in previous decisions<sup>5</sup> the Commission pointed out that the important characteristic of general contract logistics is the management of goods for customers as opposed to bare transportation, freight forwarding and warehouse services.
10. The Commission has also considered whether a further segmentation would be necessary, for example on the basis of the goods handled or the industry sector serviced. However, the Commission did not find these points to be of such significance that it should lead to definition of separate markets<sup>6</sup>. Finally, the parties distinguish between general contract logistic services and finished vehicle logistics services (FVL) as FVL services providers are capable of responding to the multiple requirements of car manufacturers all along the car supply chain. The parties point out that, general contract logistics providers is limited to the provision of a bundle of services, such as warehousing, transportation, time lined delivery, quality checking etc<sup>7</sup>.
11. Therefore, for the purposes of this decision the relevant product market is that for general contract logistic services (excluding FVL services)<sup>8</sup>.

## **B. RELEVANT GEOGRAPHIC MARKET**

12. Based on previous Commission decisions, the parties have submitted that the general contract logistics markets should be considered to be national in geographic scope<sup>9</sup>. This is mainly due to the fact that even though customers generally require services relating to cross-boarder services, they primarily turn to a general contract logistics services provider located in their own countries.

---

<sup>4</sup> IV/M.1405 - TNT Post Group/Jet Services of 15/02/1999 and Case COMP/M.1895 Ocean Group/EXEL of 03.05.2000

<sup>5</sup> Case COMP/M.1895 Ocean Group/EXEL of 30.05.2000, IV/M.1405 - TNT Post Group/Jet Services of 15/02/1999 and IV/M.1500 - TPG/Technologica of 11/05/1999

<sup>6</sup> Case COMP/M.1895 - Ocean Group/EXEL of 03.05.2000

<sup>7</sup> Case COMP/M.2411 - Autologic/TNT/Wallenius/CAT JV of 27/06/2001 and Case COMP/M.2722 - Autologic/TNT/Wallenius/Wilhelmsen/CAT JV of 25/02/2002

<sup>8</sup> Case COMP/M.2411 - Autologic/TNT/Wallenius/CAT JV of 27/06/2001 and Case COMP/M.2722 - Autologic/TNT/Wallenius/Wilhelmsen/CAT JV of 25/02/2002

<sup>9</sup> IV/M.1500-TPG/Technologica of 11.05.1999, IV/M.1513-Deutsche Post/Danzas/Nedlloyd of 01.09.1999 and IV/M.1895-Ocean Group/Excel of 03.05.2000.

## C. ASSESSMENT

### *Horizontal Effects*

13. The DSV Group is active on all the general contract logistics markets in the Nordic countries via national subsidiaries. The DSV Group is currently going through a restructuring process, whereby all these services will be transferred to DSV Logistik. After the envisaged transaction the DSV Group will only be active in the Nordic logistics markets via the joint venture. TPG Logistics has presently only negligible activities in the general contract logistics markets in the Nordic countries. According to the parties, there is currently a strong trend for customers to reduce their individual number of logistics service providers and in turn for the logistics services providers to consolidate their businesses by entering into partnerships with each other.
14. The parties have overlapping activities on the markets for general contracts logistics services in the Nordic countries. DSV's share of the contract logistics market in the Nordic countries is as follows: Denmark [5-15%], Finland [0-10%], Norway [0-10%] and Sweden [0-10%]. The TPG Group's share of the contract logistics market in each of these countries is negligible –Denmark [0-10%], Finland [0-10%], Sweden [0-10%] (the TPG group is not active in Norway). There are various other strong competitors active in the Nordic countries such as Danzas, Schenker and Maersk Logistics with market shares of [15-25%], [10-20%] and less than 10% respectively.
15. The position of the parties also has to be considered in an overall market encompassing general contract logistics and FVL. It should be noted however, that DSV is not engaged in FVL, but only in 'general contract logistics'. The same applies to TPG, with the exception of TPG's interest in the joint venture 'CAT', which provides FVL. However that CAT's turnover in FVL in the Nordics is very limited. For this reason, it can be concluded that there is no overlap in the market for FVL. There only is an overlap in the market for general contract logistics in the Nordic Countries.
16. In view of the parties it would not significantly alter the market shares of the parties if the assessment were based on general contract logistics and FVL. This is due to the fact that the segment for FVL is much smaller than the overall segment for 'general contract logistics'. One could estimate that only 5-7% of the total combined market would represent FVL. If this percentage would be deducted from the total market size of the overall market the market shares of the Parties would only increase slightly.
17. Based on the above, it can be concluded that the concentration does not give rise to any horizontally affected markets.

### *Vertical effects*

18. DSV is also active and will remain active in the domestic and international air, road and sea-based freight forwarding markets. These markets are vertically related to the downstream market for contract logistics services where the joint venture is active, as suppliers of such contracts may use a number of freight forwarding services as part of their own services. However, given that this vertical relationship already existed within the DSV Group, and the fact that TNT Logistics activities on the downstream market are marginal, the structure of competition will not be materially affected by the concentration.

19. The TPG Group is (via its TPG Express division) active in all Nordic international express documents and delivery markets. Consequently, there is also a potential vertical relationship between the upstream market for international express documents and parcels delivery markets as input for the general logistics markets. The TPG Group has the following market shares in the Nordic countries: Norway [5-15%], Sweden [10-20%], Finland [20-30%], and Denmark [25-35%]. However given the parties' low share of the contract logistics' market and the existence of other strong competitors in this market it is considered that this transaction does not give rise to a risk of foreclosure of competitors.
20. In the light of the above it is concluded that this concentration does not raise serious doubts as to the creation or strengthening of a dominant position as a result of which competition would be significantly impeded in the market for contract logistics in any of the Nordic states.

## **VI. CONCLUSION**

21. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission

Mario MONTI  
Member of the Commission